



**TESTIMONY**  
**ON**  
**THE REAUTHORIZATION**  
**OF THE**  
**MCKINNEY-VENTO HOMELESSS ASSISTANCE ACT**

**BY**  
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**BEFORE THE**  
**COMMITTEE ON FINANCIAL SERVICES**  
**SUBCOMMITTEE ON HOUSING AND COMMUNITY OPPORTUNITY**

**UNITED STATES HOUSE OF REPRESENTATIVES**

**THE HONORABLE MAXINE WATERS**  
**CHAIR**

**October 16, 2007**

Good morning, Chairwoman Waters, Ranking Member Capito, and Members of the Subcommittee. On behalf of City of Los Angeles Mayor Antonio Villaraigosa, thank you for the opportunity to testify before you today as you consider reauthorization of the *McKinney-Vento Homeless Assistance Act*. My name is Mercedes Márquez, and I am the General Manager of the City of Los Angeles Housing Department. Along with the Office of the Mayor, the Housing Authority of the City of Los Angeles, and the Los Angeles Homeless Services Authority (known as LAHSA), I am responsible for the administration of the federal homeless assistance programs in the City.

Most recently, the City, led by the Mayor and the City Council, committed \$100 million in Affordable Housing Trust Fund dollars to create the Permanent Supportive Housing Program. Again, the Mayor has committed 50% of the Affordable Housing Trust Fund to this program for 2008, which will mark the third round of funding by the City to develop supportive housing, especially targeting chronically homeless individuals. In addition, the City has committed to renewing and expanding the Homeless Section 8 Program, and is providing an estimated value of \$129 million in rental assistance to homeless individuals and families. A portion of this funding is supporting a partnership with the County to move 500 families out of Skid Row and into affordable housing elsewhere in the City.

As you are aware, tomorrow, the Mayor along with the Los Angeles Business Council, is convening a Housing Summit entitled, *L.A. Grows Up: Confronting Economic Realities With Good Planning and Investment*, which will focus attention on how our local economy and workforce have changed and ways to address the housing needs of the our middle- and lower-income residents. We look forward to your participation in the Summit. Also, following soon on the heels of the Summit, Mayor Villaraigosa will unveil his Housing Plan that will set forth a very focused and comprehensive strategy to create affordable housing throughout the City, giving special attention to housing production and preservation as key strategies to address homelessness throughout the City.

The McKinney Homeless Assistance Act is an important tool for our local efforts to address homelessness, through an array of programs that pass through the City, County, and the Los Angeles Homeless Services Authority, which is a jointly managed by the City and County.

While the City contributes most of the housing programs, the County provides most of the social services. However, most of the housing and services dollars that come to Los Angeles are not specifically tailored to combat homeless. The exceptions are the funding provided through McKinney-Vento Homeless Assistance Grant Program, funding emergency shelters, transitional housing and permanent housing with supportive services. For this reason, it is of critical importance to the City of Los Angeles that we have a voice in shaping a funding program that can be most effective in supporting local efforts to prevent and end homelessness.

Los Angeles has had the dubious distinction of being the “homeless capital of America” since the 1980s. I want to share some key statistics that will illustrate for you the backdrop against which the City has gained this distinction, and how efforts to address homelessness have been, and continue to be, challenged:

- According to the recently released *2007 Greater Los Angeles Homeless Count*, it is estimated that, on any given day, there are 73,700 people who are homeless throughout the County of Los Angeles.
- The City of Los Angeles is home to 54% of the County homeless population or 40,144 homeless individuals. Although this marks a reduction in homelessness from the 2005 Citywide count, there was an increase in homelessness in the Skid Row Community, growing from 3,668 to 5,131 in that two-year period of time.
- Over 50% of the homeless are African American, 24% are Latino, and 19% are Caucasian.
- 22,376 or 33% of the homeless population in the County are persons considered to be “chronically homeless”. These individuals often have the most crippling disabilities including mental illness and substance addictions;
- An estimated 27,000 homeless veterans live in Los Angeles; and finally,
- There are an estimated 13,000 homeless children currently enrolled in the Los Angeles Unified School District.

Consistent with the results of the 2005 Greater Los Angeles Homeless Count, despite a slight increase in the percent of homeless that are in emergency shelters or transitional housing programs, the majority of homeless people, 83% continue to be unsheltered in Los Angeles. Also important to note, is that the majority of respondents to the 2007 Homeless Count and County-wide survey reported that they were living in Los Angeles when they became homeless, contesting the argument that the homeless move to Los Angeles from other regions to be homeless because of the weather or because of the concentration of services.

Against this backdrop, the City of Los Angeles supports reauthorization of the McKinney-Vento Homeless Assistance Act. We like the policy directions taken in both Senator Jack Reed and Senator Wayne Allard's proposed reauthorization bill, *The Community Partnership to End Homelessness Act* (S.1518) and Representative Julia Carson's proposed reauthorization bill, *The Homelessness Emergency and Rapid Transition to Housing Act*—the "HEARTH Act", (H.R. 840). We prefer the provisions of S.1518 and would like to see many of its provisions reflected in the bill to emerge from this Subcommittee, including: incentives to develop long-term solutions to homelessness; focusing on the prevention of homelessness; and, homeless prevention and re-housing assistance designed to prevent re-occurrences of homelessness.

I want to focus my comments on the major homeless policy priorities for the City of Los Angeles and comment how the two proposed bills relate to our priorities. They are:

1. Maintain the 30% set-aside for permanent supportive housing for all homeless people with disabilities, and sustain this housing inventory with adequate program funding. Permanent supportive housing is the Mayor's Number 1 priority in addressing homelessness as it would, very simply, expand the availability of housing linked to integrated social services for homeless people most in need. At least until the national goal of creating 150,000 units of

permanent supportive housing is met, it is the position of the City of Los Angeles that this set-aside is necessary to reduce the number of homeless in Los Angeles, and nationwide. As indicated in S.1518, after this point, communities can and should be able to target and prioritize resources to more closely match the housing and service needs specific to their communities.

2. Enunciate the policy that developers will have a firm 24 months to fulfill all the requirements for the obligation of funds, including site acquisition and control, the provision of matching funds, environmental reviews, and completion of the construction or rehabilitation of supportive housing projects, following allocation of housing grant funds. By extending the time in which local developers have to meet all of HUD's requirements, our developers will be better able to secure the capital (housing tax credits and other funding sources) necessary to begin and complete construction in a timely manner. Mayor Villaraigosa believes the additional 12 months would be a critical component of the City's ability to move permanent supportive housing development forward successfully. The extension of this deadline, associated with the development of permanent supportive housing, will help the City of Los Angeles meet our goal of increasing access to the state tax credit apportionment set-asides for homeless and special needs housing and other critical state housing development resources for this type of housing.

3. Ensure Coordination with the Low-Income Housing Tax Credit Program. Consistent with the provisions in S.1518, reauthorizing legislation should include provisions to ensure that McKinney funds can be used with housing tax credits without reducing the value of the credit, thereby maximizing both resources as fully as possible. As such, the City of Los Angeles supports policy that classifies any rental or leasing assistance or supportive services as being exempt from counting towards the eligible basis in the Low Income Housing Tax Credit Program. Reauthorization legislation should also exempt housing that receives a loan from funds as being classified as a federal subsidy with respect to the Low Income Housing Tax Credit program. Finally, the City of Los Angeles supports an

initial term of 15 years for rental assistance and operating cost assistance in conjunction with the development of permanent supportive housing, with the first 5 years of assistance to be funded by the McKinney Act and the following 10 years to be funded under the Section 8 account, subject to annual appropriations. This would solve the problem of the “timing mismatch” between rental subsidies and operating resources and the 15-year recapture period required by Housing Credit investors. Again, this policy would help Los Angeles meet our goal of increasing local access to the state tax credit apportionment set-asides for homeless and special needs housing, and other critical state housing development resources for this type of housing.

3. Prioritization of McKinney Resources is also critical because of the limited McKinney dollars that are available nationwide. While we believe priority in eligibility should be given to people living in housing that is not meant for human habitation, including shelters, we DO NOT support further expansion of the definitions of “homeless” or “chronic homeless.” We accept the Senate bill’s current definition of “homeless” to include “couch surfers,” and “chronic homeless” to include unaccompanied youth, safe havens, and people temporarily in institutional care. However, we urge the Subcommittee to go no further in expanding these definitions. Expansion of these definitions would diminish resources that are already inadequate to meet the housing needs of individuals and families who have been homeless the longest and who face the greatest barriers to achieving housing stability. In city after city, evidence shows that to effectively reduce homelessness in a community, already scarce resources for housing and social services must be directed to homeless individuals and families with the greatest number of disabilities, to those who are most vulnerable, and to those whose emergency care is most costly to communities. Los Angeles has paid attention to these outcomes-based approaches to reducing homelessness, and we have begun targeting our resources in a way that we believe will have the greatest success in reducing homelessness. For example, the chronically homeless are prioritized in the City’s Permanent Supportive

Housing Program. We are also working towards creating incentives to focus on that sector of our homeless population which consistently uses emergency shelters. For these reasons, we do not support the HEARTH Act's proposed expansion of the definitions of "homeless." The McKinney Program is already oversubscribed. Without a significant increase in annual appropriations, a further expansion of the homeless definition would only exacerbate our ability to house our homeless individuals and families and provide the many supportive services that are so urgently needed;

4. As such, locally, we support the authorization of the McKinney-Vento Homeless Assistance Program at \$3 billion and urge your Subcommittee to work with appropriators to ensure full funding. However, as between both proposed bills, we would support the authorization level of \$2.5 billion provided for in the HEARTH Act.

5. In regards to the proposed establishment of community planning boards, we are supportive of a process that includes community participation and collaboration. The Los Angeles Homeless Services Authority is our local agency responsible for program policy and design, planning, project funding, and outcomes assessment and technical assistance to our more than 100 non-profit partner agencies that provide a continuum of programs throughout the City and County. Furthermore, LAHSA integrates services and housing opportunities to ensure the widest distribution of service and housing options throughout the Los Angeles Continuum of Care;

6. Finally, and as alluded to earlier in my testimony, the City believes it is important that the renewal of all permanent housing projects currently funded under the McKinney Act be transferred to the Housing Choice Voucher Program, thereby creating a reliable and stable funding source that will enable our non-profit partners to better secure project financing from the private sector. In so doing, however, we urge you to ensure that this shift in funds does not supplant other vouchers and ensures that voucher-holders currently on Public Housing

Authority waiting lists will not be disadvantaged.

Madam Chair, this concludes my testimony. Thank you for inviting the City of Los Angeles here today to express its views on the reauthorization of this very important legislation. It has been ten long years since the last reauthorization of the McKinney-Vento Homeless Assistance Act, and Mayor Villaraigosa and the City, stand ready to work with you to see your reauthorization bill through to final passage and enactment in the very near future. I would be pleased to answer any questions. \*\*\*